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SIGAR 15-58 Audit Report

## Civil Aviation: U.S. Efforts Improved Afghan Capabilities, but the Afghan Government Did Not Assume Airspace Management as Planned

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# SIGAR

## Special Inspector General for Afghanistan Reconstruction

### WHAT SIGAR REVIEWED

Since 2002, the U.S. government, primarily the Department of Defense (DOD) and the Federal Aviation Administration (FAA), has spent about \$562.2 million to support reconstruction of Afghanistan's civil aviation system. The Ministry of Transport and Civil Aviation (MOTCA) and the Afghanistan Civil Aviation Authority oversee the civil aviation system. The Afghan government helped develop a Civil Aviation Roadmap and Aviation Action Plan (AAP), which outlined steps for the United States and others to help increase aviation capacity and facilitate the transfer of airspace and airports to civil control. Under the AAP, DOD and FAA are responsible for assisting MOTCA in building civil aviation capacity, transitioning airspace management services to civilian control, and enhancing civil aviation infrastructure. One key goal for FAA was to develop an aviation training program, including air traffic controller training, so that airspace management services could be transitioned to the Afghans at the end of 2014.

The objectives of this audit were to assess the extent to which DOD and FAA (1) helped strengthen Afghanistan's capability to operate and maintain its civil aviation system, and (2) transitioned airspace management services to the Afghan government at the end of 2014.

### WHAT SIGAR RECOMMENDS

SIGAR recommends that the Secretary of State ensure, to the extent possible, that the Afghan government awards a new airspace management services contract before the current interim DOD contract expires in September 2015. In commenting on a draft of this report, the Department of State generally agreed with our findings and stated that it is taking actions in line with the recommendation to ensure that the Afghan government concludes an airspace management contract this year.

May 2015

### Civil Aviation: U.S. Efforts Improved Afghan Capabilities, but the Afghan Government Did Not Assume Airspace Management as Planned

#### SIGAR 15-58 AUDIT REPORT

#### WHAT SIGAR FOUND

Since 2002, the U.S. government, primarily the Department of Defense (DOD) and Federal Aviation Administration (FAA), have helped Afghanistan rebuild its civil aviation system, which was on the verge of collapsing. Although DOD had a military focus, its activities indirectly benefitted the civil aviation system. For example, DOD provided the Afghan government with \$159.2 million in aviation-related communication, navigation, and surveillance equipment. FAA helped (1) train Afghan civil aviation personnel, (2) develop the Ministry of Transport and Civil Aviation's regulatory regime, and (3) improve Kabul International Airport's infrastructure and services. For example, FAA spent \$8.3 million to install an approach control surveillance system and to rehabilitate the airport's control tower, and \$1.9 million to construct a security building and airport perimeter fence. FAA also helped establish the Afghanistan Civil Aviation Authority in 2013 and helped develop the country's Civil Aviation Law.

Despite its efforts, however, FAA was not able to train enough air traffic controllers for Afghanistan to operate airspace management services on its own. FAA's basic air traffic control training was supposed to be supplemented with on-the-job training, but due to security concerns, Afghan students could not access the facilities they needed for on-the-job training. FAA attempted to train students abroad, but faced problems obtaining passports and visas for the students, and some students did not return to Afghanistan after training. FAA also contacted training institutions abroad about sending instructors to Afghanistan, but these efforts were unsuccessful due to the lack of support services, such as secure housing.

The United States planned to transition airspace management responsibilities back to the Afghans at the end of 2014, but, partly due to a lack of certified air traffic controllers, that did not occur. In 2013, the U.S. recognized that the transition might not occur and assisted the Afghans in developing a contract for those services. The Afghan government narrowed its decision to two contractors, but it did not award the contract because it believed the bids were too high. Due to the potential for air service disruption, the Department of State funded an interim, DOD-managed contract for \$29.5 million to provide the services through September 2015. If a follow-on contract is not awarded before this contract expires, the United States could be called on to fund another interim contract. Although Afghanistan may need some funding assistance for a contract initially, over time, the Afghan government has the potential to contribute a significant amount towards providing airspace management services. In particular, the Afghan government's ability to fund the contract may increase if it collects additional over-flight revenue as planned and all such revenue is used to fund airspace management services, which it has committed to doing.



# SIGAR

Office of the Special Inspector General  
for Afghanistan Reconstruction

May 6, 2015

Executive Departments and Agencies:

This report discusses the results of SIGAR's audit of U.S. government efforts—primarily those of the Department of Defense (DOD) and the Federal Aviation Administration (FAA)—since 2002 to develop Afghanistan's capability to operate and maintain its civil aviation system, and to transition airspace management services to the Afghan government at the end of 2014. We recommend that the Secretary of State ensure, to the extent possible, that the Afghan government awards a new airspace management services contract before the current interim DOD contract expires in September 2015.

DOD, FAA, and the U.S. Agency for International Development declined to provide comments on a draft of this report. We received written comments on a draft of this report from the Department of State (State), which generally agreed with our findings. According to State, it is taking actions in line with our recommendation to ensure that the Afghan government concludes an airspace management services contract this year. State's comments are reproduced in appendix II.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

John F. Sopko  
Special Inspector General  
for Afghanistan Reconstruction

## **EXECUTIVE DEPARTMENTS AND AGENCIES**

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Secretary of Defense

The Honorable Anthony Foxx  
Secretary of Transportation

The Honorable Deborah Lee James  
Secretary of the Air Force

General Lloyd J. Austin III  
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General John F. Campbell  
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The Honorable P. Michael McKinley  
U.S. Ambassador to Afghanistan

The Honorable Michael Huerta  
Administrator, Federal Aviation Administration

The Honorable Alfonso E. Lenhardt  
Acting Administrator, U.S. Agency for International Development

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## ABBREVIATIONS

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AAP	Aviation Action Plan
ACAA	Afghanistan Civil Aviation Authority
DOD	Department of Defense
FAA	Federal Aviation Administration
ICAO	International Civil Aviation Organization
KAIA	Kabul International Airport
MOTCA	Ministry of Transport and Civil Aviation
NATO	North Atlantic Treaty Organization
State	Department of State
USAID	U.S. Agency for International Development

After decades of war, the Afghan government did not have the infrastructure or the capability to manage its airspace or provide other civil aviation services. Since 2002, the United States—primarily the Department of Defense (DOD) and the Federal Aviation Administration (FAA)—as well as international organizations and other countries, such as the World Bank and the German and Japanese governments, have provided assistance in helping to develop Afghanistan's civil aviation system.

Afghanistan's civil aviation system, which is primarily overseen by the Afghan Ministry of Transport and Civil Aviation (MOTCA) and the Afghanistan Civil Aviation Authority (ACAA), plays an important role in the country's economy. In 2013, according to the Afghan government, civil aviation facilitated more than \$14 billion in imports and exports. A safe and vibrant civil aviation system could provide Afghanistan with opportunities to expand its economic markets and take advantage of its strategic geographic position in international commerce to provide an efficient and predictable source of revenue for the country.

The objectives of this audit were to assess the extent to which DOD and FAA (1) helped strengthen Afghanistan's capability to operate and maintain its civil aviation system, and (2) transitioned airspace management services to the Afghan government at the end of 2014.

To accomplish these objectives, we obtained data and interviewed officials from DOD, FAA, the U.S. Agency for International Development (USAID), the U.S. Embassy in Kabul, MOTCA, and ACAA. We also reviewed U.S., Afghan, and international strategies and plans for developing Afghan civil aviation capabilities, as well as funding documentation for FAA's civil aviation assistance activities and the contracts it awarded. In addition, we reviewed DOD spending data and ACAA revenue data related to Afghan civil aviation activities, FAA personnel training data, and ACAA personnel staffing requirements. We conducted our audit work from July 2014 through May 2015 in Washington, D.C., and Kabul, Afghanistan, in accordance with generally accepted government auditing standards. Appendix I contains a more detailed discussion of our scope and methodology.

## BACKGROUND

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The Afghan government reports that it has 67 international and domestic airports. Its four international airports are located in Kabul in the east, Kandahar in the south, Herat in the west, and Mazar-e Sharif in the north. Figure 1 shows the location of the four international airports.

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**Figure 1 - Afghanistan's Four International Airports**



Source: NATO

Afghanistan's civil aviation system consists of both airspace management and airport services. Airspace management—primarily DOD's focus—consists of air traffic control services for aircraft operating between their departure and destination points, as well as airspace communication and navigation systems. Airport services—provided through a combination of North Atlantic Treaty Organization (NATO) contracts, military personnel, international civilian consultants, and local civilian hires—consist of airport control tower operations, as well as safety, meteorology, and fire and crash rescue operations.

Since 2002, U.S. agencies reported spending about \$562.2 million for civil aviation-related activities in Afghanistan: DOD has spent \$500.2 million and FAA has spent \$56.5

million. In addition, in 2010, USAID provided the Afghan government a \$5.5 million grant to help rehabilitate two regional airports.<sup>1</sup> DOD provided airspace management services in Afghanistan through multiple contracts, but its contracted services did not include training components.<sup>2</sup> In contrast, FAA—through Department of State (State) and USAID funding—provided training for Afghan air traffic controllers and other civil aviation personnel, in addition to assisting MOTCA and ACAA in developing Afghanistan's aviation regulatory regime and helping to improve infrastructure and services at Kabul International Airport (KAIA).

The U.S. and Afghan governments acknowledged that, with the signing of the Security and Defense Cooperation Agreement in September 2014, MOTCA and ACAA would be responsible for managing civilian flights over Afghan airspace after 2014.<sup>3</sup> MOTCA's primary mission is to design, regulate, oversee, and manage Afghanistan's transportation systems. Its goals include enabling the country's civil aviation system to conform to International Civil Aviation Organization (ICAO) standards, creating needed infrastructure, and promoting a

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<sup>1</sup> These two airports are located in Feyzabad and Maymana. The funds were used to pave runways and other surfaces and to ensure that drainage and other work was done properly. USAID hoped to connect remote areas of Afghanistan with major cities, thereby spurring social and economic development and integrating the provinces with the rest of the country.

<sup>2</sup> DOD's support for Afghan civil aviation does not include the training of Afghan personnel because the relevant DOD components concluded that the appropriations made available to them cannot be lawfully used to pay for such training. The U.S. Air Force concluded in a legal opinion that paying for Afghan personnel to receive civil aviation training would be contrary to the legal restriction that "a general appropriation such as a military department's operation and maintenance ... funds cannot fund a purpose for which Congress has made a specific appropriation." According to the opinion, the restriction on general appropriations would be violated because the Department of State is responsible for training and providing assistance to foreign countries under Title 22 of the U.S. Code and "funds for foreign assistance activities are specifically provided by Congress in annual appropriations acts to [the Department of State]."

<sup>3</sup> *Security and Defense Cooperation Agreement between the Islamic Republic of Afghanistan and the United States of America*, September 30, 2014.

competitive aviation environment.<sup>4</sup> ACAA, which was established in 2012 and reports to MOTCA, is responsible for writing civil aviation policies, managing the development and operation of all Afghan airports, regulating and monitoring activities of air transport providers, and representing Afghanistan at ICAO meetings.

In 2012, the Afghan government and international donors developed the Afghanistan Civil Aviation Roadmap and the Aviation Action Plan (AAP) to increase aviation capacity and facilitate the transfer of Afghan airspace and airports to civilian control.<sup>5</sup> The Afghanistan Civil Aviation Roadmap outlines key objectives and high-level governance principles. Its goals are (1) building institutional capacity; (2) building civil aviation regulatory capacity and an aviation revenue structure; (3) building aviation training capacity, transitioning air navigation services, and enhancing aviation infrastructure; and (4) building safety and security oversight systems. The AAP sets forth steps for timely implementation of those objectives and identifies the entities responsible for implementation. For example, to establish an aviation revenue structure, MOTCA is responsible for enacting a civil aviation revenue policy that ensures that civil aviation revenue will be committed to ACAA sustainment. The Afghanistan Civil Aviation Roadmap and the AAP provide MOTCA and the international community guidance in developing and implementing enhanced civil aviation standards, and promoting self-sufficiency and sustainability through revenue generation.

According to the AAP, DOD and FAA are responsible for assisting MOTCA in building institutional capacity, transitioning air navigation services to civilian control, and enhancing aviation infrastructure.<sup>6</sup> Specifically, DOD is responsible for transitioning airspace management and aeronautical information services to MOTCA, and for ensuring communications, navigation, and surveillance equipment integration. FAA is responsible for developing a training program, developing a strategic mentoring plan for professional personnel, and helping to create an Afghan civil aviation authority.<sup>7</sup> Under the AAP, NATO and coalition partners are responsible for transitioning airport services at the international airports back to the Afghan government.<sup>8</sup>

## DOD AND FAA HAVE HELPED REBUILD AFGHANISTAN'S CIVIL AVIATION SYSTEM, BUT FAA DID NOT TRAIN ENOUGH AIR TRAFFIC CONTROLLERS TO TRANSITION AIRSPACE MANAGEMENT SERVICES TO THE AFGHANS

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### DOD and FAA, in Cooperation with International Organizations and Other Coalition Partners, Have Helped the Afghan Government to Rebuild Its Civil Aviation System

In 2002, Afghanistan's civil aviation system was on the verge of collapsing. DOD and FAA stepped in to help rebuild the system, and several international organizations and other coalition partners also made contributions. For example, from 2003 through 2008, the World Bank reported spending \$24.8 million to rehabilitate KAIA's runway and \$7.4 million to provide communications and air traffic control equipment at the airport. In addition, coalition partners provided training for more than 200 Afghan students, including 70 firefighters and 20 airport air traffic controllers. Further, according to FAA documentation, the German government provided training for basic electronic theory and flight safety inspections, while the Portuguese Air

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<sup>4</sup> ICAO, a specialized agency of the United Nations, was established in 1944 to develop international standards and recommended practices for states to reference when developing national civil aviation regulations.

<sup>5</sup> Participants in developing these documents include ICAO, NATO, the European Union, and the governments of Afghanistan, Germany, India, Japan, Turkey, the United Arab Emirates, and the United States.

<sup>6</sup> Other nations and organizations with primary or coordinating responsibility for these AAP objectives include MOTCA, NATO, Germany, Turkey, the United Arab Emirates, India, and Japan.

<sup>7</sup> Aeronautical information services aim to ensure uniformity and consistency in the flow of aeronautical information and data in order to satisfy the need of safety, regularity, and efficiency for the operational use of international air navigation.

<sup>8</sup> According to coalition forces, NATO intends to transfer airport services back to the Afghan government in 2015.

Force conducted English language classes, as well as equipment theory training for communication, navigation, and surveillance students.

Although DOD's aviation focus in Afghanistan was from a military perspective, its activities indirectly benefitted Afghanistan's civil aviation system. DOD, in addition to helping re-establish Afghanistan's airspace management infrastructure, provided the Afghan government with a variety of equipment that has enhanced the civil aviation system. For example, since 2004, DOD has spent \$159.2 million on aviation-related communication, navigation, and surveillance infrastructure and operations. In addition to their benefits for military operations, DOD officials stated that these infrastructure projects improved air traffic control services for civilian aircraft operating in Afghanistan. Further, in 2004 and again in 2006, DOD expanded Afghanistan's Very Small Aperture Terminal network, which is used to support air traffic control radio and radar systems. In 2010, DOD made another complete upgrade and expansion to this network. In another example, in 2011, DOD established the Kabul Area Control Center, which provides surveillance services to military and civilian aircraft. In yet another example, as of February 2015, DOD had transferred, or was in the process of transferring, eight navigation systems—seven Very Small Aperture Terminal systems and one radar system—worth approximately \$8.9 million to the Afghan government for its use.

FAA focused on Afghanistan's civil aviation system. Since 2004, FAA—primarily through the Office of the Transportation Counselor at the U.S. Embassy in Kabul—has received \$56.5 million from State and USAID to train Afghan civil aviation personnel, assist MOTCA in developing its regulatory regime, and improve KAIA's infrastructure and services.<sup>9</sup> State and USAID specified that these funds should be used as follows:

- \$15.2 million for administrative costs related to deployed FAA personnel, including those for salaries, benefits, travel, and life support expenses;
- \$11.2 million for training air traffic controllers and other civil aviation professionals;
- \$9.8 million for physical improvements at KAIA, such as installation of an approach control surveillance system and rehabilitation of the airport's control tower;
- \$7 million to help support MOTCA with equipment, oversight functions, and training personnel;
- \$6.9 million for airport security services, including the first year of a security contract, a security feasibility study, and a long-term security and training plan; and
- \$6.4 million to help MOTCA develop its legal, regulatory, and administrative capabilities.

FAA's civil aviation activities in Afghanistan have been guided primarily by three agreements: (1) the 2003 assistance agreement with MOTCA;<sup>10</sup> (2) the AAP, which was agreed to by the Afghan government and international donors; and (3) the agreements FAA had with USAID, which provided funding for its civil aviation assistance activities. For example, the 2003 assistance agreement authorized FAA to assist MOTCA in (1) developing, improving, and operating its civil aviation infrastructure, standards, procedures, policies, training, and equipment; (2) providing resources and logistical support for MOTCA facilities, to include providing, inspecting, and calibrating relevant equipment; and (3) training MOTCA personnel. Similarly, in accepting USAID funds, FAA agreed to (1) assist MOTCA in developing its regulatory regime; (2) improve airport infrastructure and services, including security equipment and operations; and (3) train Afghan personnel for air traffic control, radar, technical, and safety positions.

Due to the overlap between the various activities FAA committed to perform under these three agreements, for purposes of this review we consolidated its assistance efforts into five categories: (1) mentoring and support for senior Afghan officials, (2) developing civil aviation institutions, (3) upgrading aviation infrastructure and

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<sup>9</sup> The Office of the Transportation Counselor was the Department of Transportation's principal presence in Afghanistan. At its peak in 2012, the office consisted of the transportation counselor; seven FAA aviation advisors; and seven surface transportation advisors to support rail, transit, and highway development. The office, which closed in 2014, also included two locally-employed staff and an aviation security advisor from the Transportation Security Administration.

<sup>10</sup> FAA concluded the agreement with the Ministry of Civil Aviation and Tourism in August 2003. This ministry merged with the Ministry of Transport to form MOTCA in December 2004.

equipment, (4) improving airport security operations, and (5) training Afghan civil aviation personnel. We found that, except for training enough qualified air traffic controllers, FAA generally met its commitments under the three agreements for improving Afghanistan's civil aviation system. Following are examples of what FAA accomplished in some of these areas.

- **Developing institutions:** FAA advisors worked to support the development and implementation of an independent civil aviation authority, which they achieved with ACAA's establishment in December 2013. These advisors also assisted MOTCA and ACAA in developing the Civil Aviation Law and in promulgating associated regulations and policies. Passage of the Civil Aviation Law—proposed in 2006 and approved in 2012—and the establishment of civil aviation institutions also marked the completion of a Tokyo Mutual Accountability Framework milestone.<sup>11</sup>
- **Upgrading infrastructure:** In 2006, FAA received \$9.8 million from USAID to fund infrastructure and equipment improvements at KAIA, as well as \$6.9 million for security operations and equipment at the airport. In 2011, the Department of Transportation's Office of Inspector General audited FAA's spending related to these funding amounts and found that the expenditures were supported and valid.<sup>12</sup> For example, the audit found that FAA provided \$8.3 million to the U.S. Navy's Space and Naval Warfare Systems Center to install an approach control surveillance system and to rehabilitate the airport's control tower and radio equipment.<sup>13</sup>
- **Improving airport security:** FAA provided \$1.9 million to the U.S. Army Corps of Engineers to construct a security building and perimeter fence at KAIA, and \$400,000 to the Transportation Security Administration to assess the airport's security operations and develop plans to remedy any deficiencies. FAA officials also helped develop and implement an aviation security system for Afghanistan, which they described as a key step in bringing the country into compliance with ICAO standards. Further, FAA officials stated that prior to their involvement, aviation security contracts did not assist in developing Afghan capacity. In 2013, FAA intervened to help change the contracts from ones in which contractors performed all aspects of security to an Afghan-centric contract that would build capacity in addition to providing security services. MOTCA awarded an Afghan-centric security contract and, according to FAA officials, it is structured to provide the contractor with incentives to train Afghan personnel, and, as a result, build Afghan capacity. As of 2014, according to FAA, about 430 certified Afghan employees were working in aviation security.

## Despite Its Efforts, FAA Did Not Train Enough Air Traffic Controllers for Afghanistan to Independently Operate Its Airspace Management Services

Although FAA provided training for 96 Afghan civil aviation personnel, its training program did not meet the goal of developing enough qualified air traffic controllers for the Afghan government to operate its civil aviation system. FAA's training program funded basic academic air traffic control training, which was supposed to be supplemented with on-the-job training. Based on a September 2014 ICAO meeting held to discuss the transition of Afghan airspace, the lack of experienced Afghan air traffic controllers was the main issue impacting the possible transition of airspace management to the Afghan government.

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<sup>11</sup> Agreed to in 2012, the Tokyo Mutual Accountability Framework aims to help Afghanistan achieve development and governance goals through an approach based on mutual Afghan government and international community commitments.

<sup>12</sup> U.S. Department of Transportation Office of Inspector General, Report Number FI-2011-073, *Costs in Support of the Kabul Afghanistan Airport Infrastructure Improvement and Capacity Building Project are Supported and Valid*, April 6, 2011. FAA requested that the Office of Inspector General perform this audit pursuant to its funding agreement with USAID.

<sup>13</sup> According to the audit report, FAA selected the Space and Naval Warfare Systems Center due to its experience in providing DOD support in potentially hostile environments and its history of installing similar systems in Iraq and other parts of Afghanistan.

FAA records show that 36 of the 96 Afghan students attended classes related to basic air traffic control training.<sup>14</sup> However, according to ACAA's October 2014 staffing estimates, 55 trained and certified controllers were required for positions within the Kabul Area Control Center and the Kabul Approach Control facility alone.<sup>15</sup> ACAA estimated that an additional 84 controllers would be required to fully staff the control towers at Kabul, Kandahar, Herat, and Mazar-e Sharif international airports.<sup>16</sup> Although FAA was able to successfully arrange for some components of air traffic controller training, it encountered logistical difficulties in obtaining the required on-the-job training for students.

Although Afghan officials told us that, as of October 2014, the majority of the FAA-trained Afghan personnel were working for ACAA, they stated that most of these individuals, including air traffic controllers, have not yet completed required on-the-job training programs. Security concerns regarding classified information in the Kabul Area Control Center and Kabul Approach Control facility prevented the students from obtaining on-the-job training in these facilities. These facilities contained information regarding coalition military flights and operations, and, as a result, the students were not granted access to them. FAA also faced problems with obtaining on-the-job training abroad for Afghan students. For example, FAA experienced delays in obtaining student passports and visas, and in some instances students did not return to Afghanistan after being sent for training in other countries, including the United States. FAA also contacted civil aviation training institutions in other countries about bringing on-the-job training instructors into Afghanistan. However, these efforts were unsuccessful due to a lack of official sponsorship to provide support services—such as threat protection and secure housing and transportation—once the instructors arrived in the country.

Due to difficulties associated with developing Afghan capacity for managing the civil aviation system, FAA officials and coalition forces concluded that effective future operation of Afghan airspace would require the development of a third-party contract for providing airspace management services. Accordingly, in 2013, FAA and coalition forces assisted MOTCA in preparing a contract that included provisions requiring the contractor to train Afghan personnel, similar to the structure of the Afghan-centric aviation security contract. With the development of this contract to manage Afghan airspace, FAA decided to defer its training program until after the Afghan government selected a contractor.

## THE UNITED STATES DID NOT TRANSITION AIRSPACE MANAGEMENT SERVICES TO THE AFGHANS AS PLANNED, AND THE AFGHAN GOVERNMENT'S FAILURE TO AWARD A FOLLOW-ON CONTRACT RESULTED IN THE UNITED STATES PAYING \$29.5 MILLION TO CONTINUE THOSE SERVICES

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The United States planned to transition airspace management services to the Afghan government at the end of 2014, but that did not occur. According to State officials, this was due, in part, to a lack of certified air traffic controllers. In 2013, FAA and coalition forces recognized the risk that the planned transition of airspace management services might not occur and that, as a result, the Afghan government would have to award a contract to conduct those services when the United States relinquished control. In addition to DOD and FAA providing assistance in developing the contract, Department of Commerce officials at the U.S. Embassy in Kabul helped to organize a conference in Dubai, United Arab Emirates, to facilitate discussions between

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<sup>14</sup> FAA also trained 19 safety inspection; 14 communication, navigation, and surveillance; 13 management; 10 fire and crash rescue service; and 4 aeronautical information service students.

<sup>15</sup> An area control center provides air traffic control services to aircraft operating between their departure and destination points. An approach control facility provides air traffic control services to arriving and departing aircraft in the vicinity of an airport. Area control and approach control services are distinct from those provided by an airport's control tower, which provides air traffic control services to aircraft close to the airport, and authorizes those aircraft to land or takeoff.

<sup>16</sup> Other countries—such as Germany and Italy—also conducted or planned to conduct training for air traffic controller positions. According to coalition forces, as of November 2014, 58 personnel completed or were undergoing air traffic controller training for positions at the Kabul, Kandahar, Herat, and Mazar-e Sharif international airports.

potential contract bidders and MOTCA. Although the Afghan government expected to award the contract by October 2013, and the contractors to be in place to provide airspace management services by October 2014, neither of these things occurred.

The Afghan government received 19 bids to provide airspace management services and identified two companies for final negotiations. Following months of negotiations, the Afghan government decided not to award a contract prior to the United States relinquishing control of airspace management services, believing that the bids received were too high. As a result, the Afghan government did not have the contractors in place to provide the required airspace management services as originally planned.

In August 2014, due to the lack of a new contract, the Afghan government requested that DOD extend its contract for the provision of airspace management services into 2015, to provide the Afghan government with time to explore less expensive alternatives. In response, State provided \$29.5 million to DOD to extend its contracted services for a time period not to exceed the end of September 2015. According to State officials, these funds were originally intended to be used for an Afghan-awarded airspace management services contract, and, as of March 2015, they did not intend to replace those funds. According to these officials, this reduces, by \$29.5 million, the amount of future U.S. assistance available to support the Afghan civil aviation system.

DOD and U.S. Embassy Kabul officials expressed doubt that any future contract—if it contains the same requirements as the previous contract proposal—would be less expensive than the bids already received, in part due to high security costs. Further, according to coalition forces estimates, if the Afghan government financed the initial year of its contract with assistance from the international community, its airspace over-flight fees would come close to covering the costs under the remaining years of the contract.<sup>17</sup> According to FAA officials, this would primarily be due to training and using more local Afghans, whose services cost less than those of international contractor personnel, in the out-years of the contract. According to coalition forces, if the contractor executes the contract in accordance with the requirements to train Afghan aviation personnel, it would likely result in an affordable airspace management system within the 5-year period of the contract.

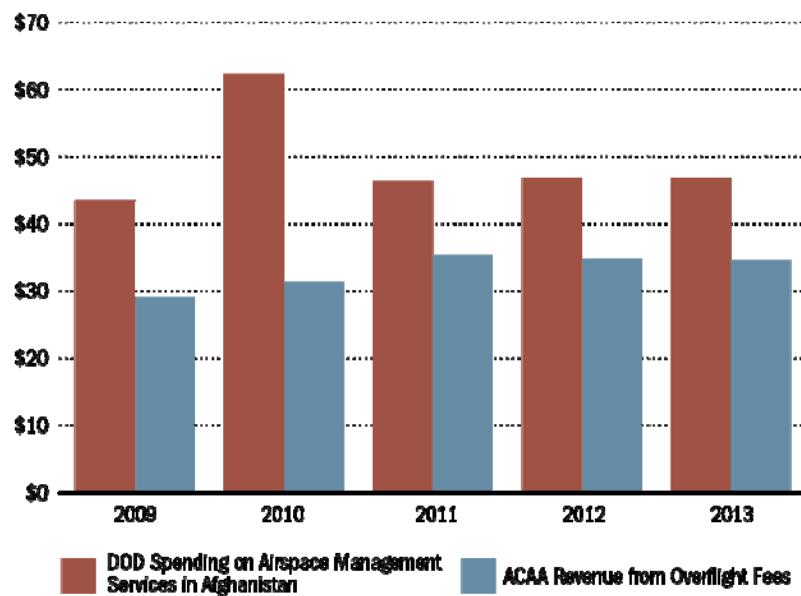
Afghanistan's civil aviation system, similar to other ICAO member-states, generates revenue from fees it charges for providing airspace management and airport services. For example, in 2013, the Afghan government reported that it generated \$34.5 million from airspace over-flight fees.<sup>18</sup> However, the Afghan government uses only a portion of this revenue for civil aviation purposes. According to State officials, all of the revenue generated through over-flight fees is transferred to Afghanistan's general budget. Subsequently, some, but not all, of the revenue is allocated to ACAA for operational purposes, but we were not able to determine the exact amount. This occurs even though, according to the Afghanistan National Development Strategy for Transport and Civil Aviation and the AAP, the Afghan government committed to using its civil aviation revenue to finance aviation services and infrastructure development. This limits ACAAs ability to fund civil aviation activities, such as a new airspace management contract.

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<sup>17</sup> Over-flight fees are charges that a state imposes for aircraft flights that transit its airspace, but neither land in nor depart from that state.

<sup>18</sup> Other revenue derived from civil aviation-related services includes passenger fees and aircraft landing and parking fees.

**Figure 2 - DOD Spending on Airspace Management Services in Afghanistan Compared to ACAA's Over-flight Revenue, in Millions**



Sources: DOD and ACAA

Note: 2013 was the last full year for which ACAA over-flight revenue data was available.

Our review of DOD's expenses for airspace management services in Afghanistan from 2009 through 2013 showed that it spent an average of about \$49 million per year. During the same time period, ACAA over-flight revenue data shows that it generated an average of \$33 million per year. Figure 2 shows DOD's spending for airspace management services and ACAA's over-flight revenue generated on an annual basis for 2009 through 2013. DOD has spent more each year than the revenue which the Afghan government generated each year from over-flight fees. DOD has also incurred costs associated with U.S. personnel living and working in country, which the Afghan government would not incur if it assumes control of airspace management services and awards a contract with a training

component similar to the prior contract proposal, because the training would allow less costly Afghan personnel to gradually replace their foreign counterparts.

According to State officials, as of March 2015, the Afghan government was considering eliminating the training component to lower the contract's cost. In addition, the Afghan government increased its over-flight fees by 25 percent at the end of April 2015.<sup>19</sup> Reducing the contract's cost—either by using less costly Afghan personnel in future years or eliminating the proposed contract's training requirements—and increasing over-flight revenue could result in the contract cost and over-flight revenue being closer to equal. This suggests that the Afghan civil aviation system would have the potential to be self-sustaining in the near-term, if it used all of its over-flight revenue to pay for airspace management services, which the Afghan government committed to doing under both the Afghanistan National Development Strategy for Transport and Civil Aviation and the AAP.

## CONCLUSION

The United States and its international partners have succeeded in strengthening Afghanistan's civil aviation capabilities over the past 12 years. Afghanistan now has an independent civil aviation authority, civil aviation laws and regulations, and critical infrastructure needed to conduct airspace management operations. However, despite these accomplishments, the United States could not transfer airspace management operations to the Afghan government at the end of 2014, as it had originally planned. This delay in the transfer of operational responsibility to the Afghan government was due in part to a lack of trained Afghan civil aviation personnel, particularly air traffic controllers.

To their credit, the U.S. and Afghan governments anticipated that there might be a transfer delay, and, as a result, developed an airspace management services contract. However, after analyzing offers, the Afghan

<sup>19</sup> On April 30, 2015, Afghanistan increased its fees from \$400 to \$500 per over-flight.

government did not award the contract—citing what it believed to be excessive costs. Due to the potential for air service disruption, State funded an interim DOD-managed \$29.5 million contract to provide services through September 2015. Unless the Afghan government awards a follow-on contract before the interim contract expires, the U.S. government could be called upon to fund another interim contract. The Afghan government will likely need some assistance from the international community with financing the contract. However, Afghanistan has the potential to contribute a significant amount towards providing airspace management services if the Afghan government used all of its over-flight revenue to fund airspace management services, which it has committed to doing. If Afghanistan is able to pay for the full cost of a future contract for airspace management services, it would demonstrate an increased capacity, at least in this area, to take responsibility for its own affairs.

## RECOMMENDATION

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To ensure effective use of U.S. civil aviation assistance funds, we recommend that the Secretary of State:

- 1. Ensure, to the extent possible, that the Afghan government awards a new airspace management services contract before the current interim DOD contract expires in September 2015.**

## AGENCY COMMENTS

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DOD, FAA, and USAID declined to provide written comments on a draft of this report. State provided written comments, which are reproduced in appendix II. In its comments, State generally agreed with our findings and notes that it is not unusual for national governments to award contracts for airspace management services, as the Afghan government is seeking to do, rather than providing those services with their own personnel. State indicates it is taking “all necessary and available steps” in line with our recommendation to ensure that the Afghan government concludes a contract for airspace management services this year. Further, State adds that it has made clear to the Afghan government that continued U.S. support for any additional extension of the DOD-managed airspace management contract is unlikely. In accordance with our normal procedures, we will follow up with State in 60 days to assess whether the Afghan government has awarded a contract for airspace management services.

## APPENDIX I - SCOPE AND METHODOLOGY

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This audit evaluated U.S. efforts, since 2002, to develop Afghanistan's civil aviation capabilities. Specifically, we determined the extent to which the Department of Defense (DOD) and the Federal Aviation Administration (FAA) (1) helped strengthen Afghanistan's capability to operate and maintain its civil aviation system, and (2) transitioned airspace management services to the Afghan government at the end of 2014.

To determine the extent to which DOD and FAA helped strengthen Afghanistan's capability to operate and maintain its civil aviation program, we reviewed U.S., Afghan, and international strategies and plans for developing Afghan civil aviation capabilities. In addition, we reviewed and analyzed funding agreements and contracts that FAA awarded for these activities, as well as FAA records tracking their implementation. We also reviewed DOD contracts and spending data for the provision of airspace management services in Afghanistan. Although DOD managed Afghan airspace in support of military operations in the country, we determined that activities to develop Afghan civil aviation capabilities were not within the scope of its mission in Afghanistan. Accordingly, we focused on the indirect implications that DOD operations may have had for the Afghan civil aviation system.

To determine the extent to which DOD and FAA transitioned airspace management services to the Afghan government, we reviewed U.S., Afghan, and international strategies and plans to transition airspace management services to the Afghan government, including meeting minutes, presentations, and internal agency documentation. In addition, we reviewed civil aviation-related DOD spending data and Afghanistan Civil Aviation Authority (ACAA) revenue data; FAA and coalition forces data, records, and documentation related to training Afghan personnel; and ACAA personnel staffing requirements. We also reviewed documentation related to equipment transferred by DOD to the Afghan government for its use.

For both objectives, we conducted interviews in Washington, D.C., and Kabul, Afghanistan. These interviews included officials from DOD, FAA, and the U.S. Embassy in Kabul. We also conducted site visits to the Kabul Area Control Center, Kabul Approach Control facility, Kabul International Airport's control tower, the Afghan Ministry of Transport and Civil Aviation, and the ACAA to interview relevant contractor, military, and Afghan personnel.

We did not use or rely on computer-processed data for purposes of our audit objectives. We assessed internal controls to determine the extent to which agencies tracked their efforts to fund the development of Afghan civil aviation capabilities. The results of our assessment are included in the body of this report.

We conducted our audit work in Kabul, Afghanistan, and Washington, D.C., from July 2014 through May 2015, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. SIGAR conducted this audit under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

## APPENDIX II - COMMENTS FROM THE DEPARTMENT OF STATE

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United States Department of State

*Washington, D.C. 20520*

April 20, 2015

Jeffrey Brown  
Recommendation Follow-up Coordinator  
Special Inspector General for Afghanistan Reconstruction (SIGAR)  
1550 Crystal Drive, Suite 900  
Arlington, VA 22202

Dear Mr. Brown:

Thank you for sharing a draft of SIGAR's Audit Report 099A, regarding U.S. support for civilian airspace management in Afghanistan. We agree with the draft report's findings of significant and sustained improvement in Afghan civilian airspace management capabilities. As your report notes, the coordinated support from a number of U.S. agencies has allowed the Afghans to build a modern airspace management system from effectively nothing in 2002. Given the importance of deconflicting civilian flights from military operations in that period, the numbers of U.S. military and diplomatic personnel who have flown into and out of Afghanistan, and the significant economic value of Afghanistan's aviation connections with the region and beyond, we share your conclusion that these have been important and worthwhile investments.

The Department of State is committed to strong oversight and the effective use of U.S. government funding, and I am pleased that your audit report assessed that U.S. assistance directed toward developing Afghan civil aviation capacity has been spent by implementing agencies for its intended purpose and with relative success.

Your report also rightly notes the significant challenges faced by U.S. agencies and our Afghan partners in specific areas, including in the training of qualified Afghan civil aviation personnel. Restrictions on travel and access to classified and sensitive operations were two factors you noted. We also appreciate your recognition of the fact that the Department of State and our partners recognized early the need for a third-party management contract to take over airspace management at the end of 2014. It is not unusual, around the world, for countries to use such contracts to manage their airspace.

It is here, however, where I believe that the report misses important context on the issue of Afghanistan's efforts to contract for civil aviation services, including President Ghani's effort to improve government procurement. The prolonged electoral process through the summer and fall of 2014 hindered the Government of Afghanistan's ability to close on an airspace management contract. In addition, once inaugurated, President Ghani specifically asked for time to review this contract to ensure full transparency and most effective use of limited Afghan

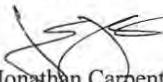
resources. We commend his close scrutiny and attention to procurement issues generally as a critical anti-corruption effort. As noted in your report, the Afghan Government asked for U.S. assistance to extend the existing airspace management contract into 2015, during which time the appropriate Afghan government agencies would procure follow-on services.

Your report also rightly notes that additional international support for the Afghan civil aviation section is likely required in the near term, even beyond the conclusion of the current contract. The revenue generation from a viable civil aviation sector is important, and here I would note that the Afghan Government has informed us that it will increase overflight fees by 20 percent as a part of its renewed engagement with the International Monetary Fund. SIGAR is well aware of the importance of revenue collection for the Afghan budget, and we agree that it is important that the civil aviation sector become self-sustaining over time.

Finally, we are taking all necessary and available steps, in line with SIGAR's recommendation, to ensure that the Afghan government concludes an airspace management contract prior to the conclusion of the DoD-administered bridging contract. The United States has made clear to the Afghan Government throughout this process that, while we have a strong and continuing interest in the safe operation of their civil aviation system, it is critical that the Afghan Government successfully conclude a contract for airspace management services this year. The Afghan Government, at the highest levels, has clearly communicated to us that agreeing to such a contract is their objective as well. We have also been clear to the Afghans that continued support from the United States in the form of a further contract extension is unlikely and both logically and financially very difficult. As noted in your report, we have been transparent that the \$29.5 million provided to extend the current contract reduces the amount available to the U.S. to support the sector moving forward.

Again, I thank you for the considerable effort SIGAR has demonstrated in this report to document the very important contributions the U.S. government has made to support Afghan civilian aviation. We share SIGAR's view that the sector is critical to both U.S. interests and sustainable Afghan economic development, and will continue to work closely with the Afghan Government to meet our shared objectives.

Sincerely,



Jonathan Carpenter  
Deputy Special Representative for  
Afghanistan and Pakistan

## APPENDIX III - ACKNOWLEDGMENTS

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Daniel Chen, Senior Program Manager

Michael Kamin, Analyst-in-Charge

Kyu Sin, Auditor

Daniel Tessler, Program Analyst

This performance audit was conducted  
under project code SIGAR-099A.

## SIGAR's Mission

The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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